

Finding The Perfect Fit

How one farmer expanded his business by finding a partner to help him grow on his own terms



Bonnefield

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The Start

Barry Schmitt, president of prominent forage enterprise, Barr-Ag, chats from the driver's seat of his truck about a deal that helped launch Barr-Ag's success. However, much like the winding road he was driving on, the path to succeed was not direct.

In 2011, Barry had been approached by a Chinese dairy farmer to export 30,000 metric tons of alfalfa which, at that time, was his biggest deal to date. Barry knew this was an amazing opportunity however, he did not have the land capacity to meet the demand. There were potential financing options, but none were a perfect fit.

- 1 - He could go to a bank but did not want to go into debt.
- 2 - He could try to buy the land outright but that would jeopardize his existing capital.
- 3 - He could work with a business partner, but many wanted a say in the operational business practices.

Barry kept thinking that there must be a better way to pursue growth, when an online search pointed him to Bonnefield Financial – the perfect match.

Just Right

After a few short conversations with the Bonnefield team, Barry knew that he had found the right partner. Bonnefield would provide a long-term lease-back solution and let him run his business the way he wanted. This met all of Barry's needs – it allowed him to maintain his bottom-line, avoid debt, and continue his business as he normally would.

Being a man who knows what he wants, Barry went out and found the farmland that best suited his expansion. Bonnefield bought the land and continues to lease it to Barry today.

"The traditional approach to land ownership is nice but unfortunately it takes generations to build that type of equity. Bonnefield gave me access to land. If I could do the cash flow, then I could do the business that I love."

The long-term solution has done Barry well, resulting in continued growth to become one of the largest forage exporters in Canada.

"We're still working with Bonnefield. We bought some land with them last summer. This type of land ownership is crucial. Bonnefield is a fantastic landlord - open and upfront. They have treated us well."

Bonnefield's long-term solution allowed Barry to maintain his bottom-line, avoid debt and focus on business.

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The benefits to Barry include:



Expand Operations

Working with Bonnefield, Barry was able to achieve his desired business expansion goals. His capital is free to invest in the operations of the enterprise while Bonnefield invests in the land, leasing it back to him on a long-term basis.



Healthy Balance Sheet

Barry's goal was to expand his operations without putting stress on the balance sheet. Through Bonnefield's farmland lease financing program, Barry did not have to dip into his operational cash because Bonnefield purchased the land and leased it back to him, freeing up capital to run the business.

Barry continues to work with Bonnefield because he trusts them as landlords and partners.